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EVALUATION

Report of the Administrator

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I. PURPOSE

1. The present report builds upon specific developments of the past three years: the feedback study in 1993, the analysis of compliance in 1994/95 and the linkage between evaluation and strategic planning in 1995. These activities have taken place within the UNDP conceptual framework for monitoring and evaluation. The report describes activities undertaken in 1995 by the Office for Evaluation and Strategic Planning (OESP) and by other organizational units of UNDP in the field of evaluation. The extensive work programme in evaluation presented to the Executive Board at its second regular session 1995 (DP/1996/18) has been fully implemented. The evaluations have continued to focus on performance dimensions of the UNDP programme, including sustainability, results-based management, and beneficiary participation.

II. INSTITUTIONAL ARRANGEMENTS

2. Building upon the strategy developed in the document entitled "Rethinking evaluation for feedback, learning and strategy formulation" (see annex to the 1994 report of the Administrator on evaluation (DP/1995/18)), the 1995 extensive work programme for evaluation has been fully implemented.

3. One of the major goals of OESP is to establish a clearer linkage between evaluation and decision-making, thereby strengthening ownership of the function throughout the organization. This is turn will lead to an improvement in compliance rates. To this end, OESP is presently undertaking a thorough review of performance compliance that will establish a performance profile of all organizational units concerned. This process will emphasize the importance of maintaining compliance rates in evaluation through adherence to established procedure, an issue that has been discussed at the senior-management level.

4. At the project level, evaluations are decentralized and regional bureaux and country offices have used their own resources to carry out approximately 900 evaluations between 1990 and 1994. Over this period, the statistics show an average annual rate of decline of 15 per cent in the number of evaluations due largely to the adoption of the programme approach, which has resulted in fewer small projects, and to the decrease in programmable resources towards the end of the fifth cycle.

5. In 1994, a total of 123 evaluations were carried out by UNDP. Final figures for 1995 are not available at the time of writing; however, early indications show that 92 per cent of project evaluations have been concentrated in Africa and Asia. Of particular note in the Asia region are the evaluations of the following projects: establishment of a national forest resources information database in China; development and use of hybrid rice technology in India; and strengthening of the National Planning Commission Secretariat in Nepal. In Africa, the salient evaluations relate to regional projects such as the programme for strengthening management training institutions in sub-Saharan Africa; the West African Rice Development Association; and, more recently, the final evaluation of the regional project on National Long-Term Perspective Studies, which is currently under way.

III. TRENDS AND METHODOLOGIES

6. In line with the OESP 1995 action plan for evaluation, five major initiatives were given priority.

A. Linking evaluation and strategic planning

7. One of the core elements of organizational change in UNDP is to become a learning organization and to institute a system of more measurable results and greater accountability. The close relationship between evaluation and strategic planning/management is intended to create a dynamic in which UNDP learns from its experience and applies lessons learned to the task of repositioning itself as a more substantive operation. The location of these functions in OESP provides a better synergy between evaluation and policy development. In 1995, OESP developed a substantial portfolio of strategic evaluations and maintained its involvement in programme evaluation. The strategic evaluations are focusing on policy aspects of key topics such as national execution and co-financing modalities. They also address implementation issues. These evaluations are designed to help to clarify appropriate policy choices in critical areas and, equally importantly, they examine whether operational performance standards are being met. The results of these strategic evaluations now form part of the agenda of the Strategy and Management Committee, the leading decision-making body at the UNDP corporate level, of which OESP is the secretariat. In parallel, lessons from the evaluations are being widely and systematically disseminated through a new publication series entitled "Lessons Learned", of which two volumes are already available: "National execution: promise and challenges" and "Evaluation findings in 1994". The latter will appear annually and will present detailed annual reporting on the UNDP evaluation function. Six other publications on evaluation were also issued in 1995 (see annex). A major effort has also been made to complete an option analysis on how to take greater advantage of the data contained in the OESP evaluation database (CEDAB) and make it available to a broader public. It is anticipated that CEDAB, which is already one of the largest contributors to the database of the Development Assistance Committee of the Organisation for Economic Cooperation and Development (OECD/DAC), will be on line throughout UNDP in 1996.

B. Facilitating and testing modalities of decentralization

8. Nine country offices and one headquarters division have been identified as the first in a wave of centres of experimentation that will help the organization to test and refine innovations in quality service and programme assessment on the ground. The centres will provide feedback on their experience with new procedures for the increased delegation of programme and project approval authority; revised planning, programming and reporting schedules; and the improved techniques for monitoring, review and audit of programme operations.

9. The decentralization team of OESP has conducted over 50 interviews, presentations and discussions addressing information needs with headquarters units. In addition, country offices in Costa Rica, Egypt, Kuwait, Mali, Rwanda,

Thailand, and Viet Nam have been visited. The work of the team will contribute to the improvement of monitoring systems that are fundamental for the implementation of new evaluation dimensions.

10. The testing phase of the PIPA system (Programme Impact Performance Assessment) has been expanded to include some of the centres of experimentation. The system is designed to deal with impact evaluations through a systematic approach to the broader issue of results-orientation. It requires attaching specific activities to various phases of the project/programme for the purpose of improving both the prospects of achieving intended results as well as the measurement of those results. It starts with the planning/design phase of all programmes, follows up with results-monitoring during implementation and culminates in impact evaluations. A concept paper has been finalized and tested fully in Egypt and Viet Nam. PIPA has also been introduced in Costa Rica, Bolivia and several headquarters units.

C. Building capacity of programme countries in new evaluation techniques

11. This activity involves the development of methodologies and policies for monitoring and evaluation and the upgrading of current training modules used by country offices and partner Governments. To this end, UNDP has sponsored two subregional seminars in Ethiopia and Argentina, in which UNDP national staff, government counterparts and non-governmental organizations (NGOs) have participated. A third one is scheduled to take place in Kuala Lumpur in March 1996. These seminars, which focus on new dimensions in monitoring and evaluation, are providing the direct operational inputs required for the scheduled revision of the current procedures and the issuance of new policies and procedures in 1996. Through these seminars, 90 people have been trained in new techniques. In addition, OESP has trained 100 Junior Professional Officers in participatory evaluation techniques.

D. Review of policy, procedures and operational mechanisms used in programme support, project design and monitoring and evaluation

12. The aim of this review is to improve the design with regard to impact measurement. Building on existing documents, OESP has used country programme evaluations to upgrade methodological guidelines for evaluation. Three country programme evaluations have been carried out: Sri Lanka in 1994; Honduras and Niger in 1995. The evaluation of the country programme for Morocco is scheduled for 1996. OESP has also contributed to the development of new approaches in UNDP for incorporating beneficiaries/stakeholders through participatory evaluations, with pilot activities undertaken by country offices in Malawi and Swaziland. A handbook on participatory evaluation is being prepared for publication in 1996.

E. Collaboration with other international agencies

13. The Inter Agency Working Group (IAWG) on evaluation, chaired by UNDP, met in November 1995. The Group is becoming more cohesive and effective in coordinating United Nations evaluation activities. Joint work programme has been established focusing in the three areas of: (a) rating systems, led by the World Bank; (b) building evaluation capacity in developing countries, led by UNDP; (c) institutional arrangements for evaluation within the United Nations, led by the United Nations Children's Fund (UNICEF). A number of joint evaluations are also foreseen in 1996 and IAWG will monitor the implementation of the evaluation aspect of General Assembly resolution 50/120 on the triennial policy review of operational activities for development of the United Nations system. OESP also participated as an observer in the meetings of the DAC/OECD sub-group on evaluation and was active in the Administrative Committee on Coordination (ACC) panel on monitoring and evaluation. At the request of the Joint Consultative Group on Policy sub-group on harmonization, UNDP has taken the lead in the preparation of harmonized guidelines on evaluation. OESP prepared draft guidelines in consultation with the programme and evaluation personnel at the headquarters of each agency. The process should be finalized during the first half of 1996.

IV. 1995 EVALUATIONS: ILLUSTRATIVE EXAMPLES

14. A few examples of evaluations conducted in UNDP during 1995 are presented below. These evaluations are grouped into three categories: (a) strategic evaluations; (b) evaluations of Special Programme Resources (SPR)-funded programmes; and (c) evaluations undertaken by the trust funds administered by UNDP.

A. Strategic evaluations

15. These evaluations have been undertaken by OESP and deal with subjects of critical interest to the organization. The issues identified by these evaluations are now regularly being fed into the decision-making processes in order to be translated into policy decisions, thereby completing the loop of planning, learning and doing. The evaluations are:

(a) Evaluation of national execution. The evaluation of this modality was undertaken to address further the issues of capacity-building, self-reliance, accountability and the optimal use of United Nations system expertise. The evaluation highlights the very positive aspects of the modality in the following areas: (a) ownership of the programmes; (b) self-reliance; (c) capacity-building; (d) sustainability; (e) cost effectiveness. Two emerging problems remain to be resolved in order to consolidate the gains from the broad implementation of national execution since 1992. The first problem is the loss of conceptual clarity regarding the roles of government, UNDP, and specialized agencies, and a loss of clarity regarding the system of programme management. The other problem is that national execution has yet to discover an optimal way to involve the United Nations specialized agencies effectively while simultaneously respecting the new responsibilities of the participating

Governments. Of additional concern is the finding that the national execution modality is presently promoting the status quo with respect to gender issues. The evaluators offer three broad recommendations for addressing these problems and monitoring the overall national execution process: (a) UNDP should adopt a new conceptual framework for national execution; (b) UNDP and the United Nations specialized agencies should improve the mechanisms for engaging United Nations technical expertise; and (c) UNDP should continue to monitor and evaluate critical aspects of national execution.

The recommendations of the evaluation report will provide the basis for new guidelines to be included in the 1996 action plan of the Division for Operational Policies and Procedures (DOPP)/Bureau for Policy and Programme Support (BPPS).

(b) Evaluation of UNDP co-financing. The purpose of this evaluation was to assess the efficiency, effectiveness, impact, and sustainability of results of the cost-sharing modalities in programme countries. The evaluation covered the full range of co-financing modalities in the context of resource mobilization and examined the role of co-financing as part of country programming. The report of the evaluation, which is still preliminary, makes recommendations on the policy framework for co-financing and on the strategies, the management and operations of co-financing. Given the substantial share of co-financing in UNDP total programme funds, the final report is expected to generate considerable interest. It is also expected to provide lessons for those country offices that have not so far used the modality extensively;

(c) Resident coordinator function. This exercise started in 1994 with a desk review that identified some issues that required field validation. To avoid duplication with the triennial comprehensive policy review of the United Nations operational activities for development launched by the Department for Policy Coordination and Sustainable Development (DPCSD), it was decided to limit the number of countries to be visited in this phase to three. The first review took place in Viet Nam in March 1995. The corresponding report made a useful contribution to an analysis of what works and what does not. The second study, carried out in Zimbabwe, identified a strategy for coordination. The third field visit, to El Salvador, examined the issue of coordination at the subregional level. It is intended that the consolidated report, currently under preparation, will summarize lessons learned;

(d) Assessment of the working relationship between UNDP and the Inter-American Development Bank (IDB). This study responded to a recommendation of the UNDP global meeting at Rye, which called for the strengthening and expansion of partnerships with other development institutions. The purpose of the assessment was to understand and learn from what was seen organizationally as a very dynamic relationship, in particular in the areas of effectiveness of the collaboration, benefits gained from it and factors contributing to the success of the relationship. In order to foster the continued growth of the relationship between UNDP and IDB and maximize the benefits of their collaboration to countries in the Latin American and Caribbean region, the assessment presents a group of recommendations aimed at establishing a more systematic and institutionalized level of dialogue and working contacts between the two organizations. The Regional Bureau for Latin America and the Caribbean

is now discussing with IDB a new framework for enhancing cooperation between the two organizations;

(e) Ex-post evaluation of UNDP assistance to the energy sector. This evaluation was initiated jointly by the Sustainable Energy and Environment Division (SEED)/Bureau for Programme and Policy Support (BPPS) and OESP. It reviewed a sample of recent energy sector projects financed by UNDP and made recommendations concerning future assistance in the energy field. It also responded to the request for an appraisal of the availability and accessibility of relevant information on the energy sector. The main findings are that UNDP energy sector assistance has been extensive but fragmented; its development has not been guided by any path-breaking approach or underpinning strategy. Given the importance of sustainable energy development, a more integrated strategic direction would seem to be warranted. The evaluation makes suggestions on the future scope and direction of UNDP energy sector assistance. A new energy initiative has been undertaken using the lessons learned from this evaluation.

16. Three additional independent strategic evaluations have been launched by OESP in the latter part of 1995 and will be completed in the first half of 1996:

(a) The evaluation of UNDP support to Asian transitional economies. The purpose of this four-country study is to capture and analyse the experience of transition economies, using UNDP support as the entry point for this enquiry. Aside from being of interest to each Government, it is hoped that the evaluation will yield instructive comparative lessons to be shared and discussed;

(b) The evaluation of the impact of regional, interregional and global programmes. The objective of this evaluation is to consolidate mid-term reviews and evaluations and draw lessons that will help in determining the strategic directions of these various programmes for the new programming cycles;

(c) The evaluation of public sector management and reform in the Arab region. The purpose of the evaluation is to obtain a better understanding of evolving priorities, constraints and opportunities in public sector management in the region.

B. Evaluations of SPR-funded programmes

17. These evaluations were conducted as a mid-term requirement for SPR-funded programmes. Initiated independently by the various SPR managers, the evaluations of the largest programmes usually involved support from OESP:

(a) Human Development Report (HDR). This evaluation covered the first five volumes of the HDR, the 1995 report being still in preparation at the time of the evaluation. The objective of the evaluation was to determine, inter alia, how far the HDR has contributed to the development dialogue. The evaluation found that, after only five years, the project has succeeded in making a significant contribution to the global development dialogue and has had a positive impact on development policy design in many countries, mainly through the publication of the annual HDR. However, some adjustments - both institutional and methodological - are called for as the project enters a new

phase. Some of these adjustments relate to the Report itself, others to the process by which it is developed, its dissemination and the organizational location of the Human Development Report Office within UNDP. The evaluation provided the basis for an SMC decision on these issues;

(b) Technical cooperation among developing countries (TCDC). The evaluation process focused on issues of inter-agency relations in programming and the catalytic role of the activities undertaken. Above all, the evaluation of the TCDC programme was expected to examine the impact of the programme, with the ultimate objective of improving the delivery of technical cooperation and optimizing the use of the SPR. The evaluation found that there was some difficulty in accounting for TCDC elements in projects not specifically identified as TCDC projects; it also established that the programme had successfully tackled the issue of common understanding of the concept. However, the integration of TCDC into the mainstream operational programme needs to be handled by system-wide efforts which the TCDC Programme can only propose. The evaluation also made recommendations of a more specific nature regarding the integration of TCDC in the operational activities of UNDP, and within national development planning, as well as the strategic thrust of TCDC. An SMC review of a strategy for TCDC followed the evaluation;

(c) Environmental and natural resources management. The evaluation was intended to determine the extent to which the fifth cycle SPR projects have (i) assisted developing countries in integrating environmental considerations into their development plans and programmes and (ii) strengthened the capacity of Governments and populations in national and local environment efforts. The general observation of the evaluators was that the programme for environmental and natural resource management met the criteria for which it was established. Some general constraints were identified as follows: (i) the level of funding was too small to have an impact; (ii) there were weaknesses in the dissemination and transparency of information; (iii) the choice of programme areas and sectors of activity was made with little reference to countries and country offices; (iv) strong priority was not always given to the use of local consultants and building of in-house capacity; (v) there were delays in responding to country proposals. The report offered a series of recommendations to improve the management of the programme;

(d) Women in development. The preliminary report of this evaluation is currently being discussed by various parties within UNDP. The evaluation underscored the fact that the programme played a major role in the preparations for the Fourth World Conference on Women, facilitating national dialogue on the status of women and NGO participation at the Conference. The main recommendations of the report are: (i) clearer programme guidelines are needed; (ii) there should be greater emphasis on gender in development rather than on women in development; (iii) communication should be improved between the Gender-in-Development programme and the regional bureaux; (iv) the integration of gender-in-development activity into country programmes through the SPR allocation; (v) country office interest and ownership of gender programmes should be encouraged.

C. Evaluations undertaken by UNDP-administered funds and programmes

18. The following evaluations were also undertaken:

(a) United Nations Volunteers (UNV). In 1995, UNV undertook a series of reviews and evaluations designed to draw lessons from the past and to guide the overall future directions of the organization. The cluster of evaluations carried out in 20 countries addressed the following: UNV experience with national UNV specialists; Special Voluntary Funds (SVF) projects; UNV role as an executing agent; decentralized programming; and UNV experience with humanitarian assistance, democratization and peace-building activities. In addition, in-depth evaluations of 12 indicative planning figure (IPF)/SVF projects were carried out. While comprehensive feedback from the evaluations is awaited, initial findings reinforce the appreciation of the unique contributions of UNV specialists and of UNV as an efficient and competent volunteer-fielding organization. They also highlight the importance for UNV to maintain strategic alliances with a broad range of partners sharing similar development priorities. The results of these evaluations are being fed into the UNV Strategy 2000;

(b) United Nations Capital Development Fund (UNCDF). UNCDF evaluated eight projects in 1995 in the sectors of water irrigation, water supply, agriculture, transport, and sanitation, with particular attention to improved assessments of socio-economic impact, decentralization, and a participatory approach. Key lessons with strategic implications have been identified through this process. Implementation arrangements with complex beneficiary-based institutions emphasized the need for very focused project objectives and for enhanced oversight, technical cooperation, and backstopping. Careful attention needs to be given to the structure of co-financed projects, including arrangements on responsibilities and reporting requirements. Evaluations also pinpointed the need for flexible implementation or exit strategies when (i) project objectives had been largely realized and continuation would produce diminishing returns; (ii) subsequent phases would hinder local self-reliance; (iii) local institutions had demonstrated ability to continue project activities themselves; (iv) implementation strategies no longer met UNCDF objectives; or (v) project design was flawed. UNCDF commitment to the monitoring and evaluation of socio-economic impact and its emphasis on the thematic policy goals of participation and decentralization were evident in most 1995 evaluations. UNCDF continued to upgrade its monitoring and evaluation standards and integrate them into project design, increasing its capacity to analyse its socio-economic impact on a programmatic level;

(c) Office to Combat Desertification and Drought (UNSO). One major evaluation undertaken in 1995 concerned the project "Ecological Monitoring Centre" in Senegal. It represented the joint Government/UNSO final evaluation of the project and was intended to provide the basis for consideration of a follow-up project for the consolidation of achievements. The findings were that the project had made substantive progress in institutionalizing the Centre as a market-oriented venture with public utility status. The evaluation recommended that more be done in the follow-up project to assist the Centre in defining its national mandate and developing strategic management in order to improve environmental decision-making in Senegal and to make the Centre self-financed.

It was further recommended that the new project assist the Centre in contributing to the Government's formulation of a national strategy for environmental information systems. The evaluation resulted in the mobilization of additional resources and the new project is currently under appraisal;

(d) United Nations Development Fund for Women (UNIFEM). During the reporting period, the more significant evaluations include three in Latin America, two in Africa and one in Asia Pacific. Key findings from these evaluations provide some interesting insights into the kind of work undertaken by UNIFEM. For example, the Andean Food Technology Project in Latin America and the Grinding Mills Project in Mali reconfirmed the important role played by civil-society institutions in ensuring delivery of development assistance. In both instances, the intermediary organizations were able to reach large numbers of women more efficiently than UNIFEM would have been able to directly. The evaluations also pointed to the importance of building national capacity through the provision of training and information dissemination. Evidence from the evaluations of the Janakpur Women's Art Project in Nepal and the Technological Assistance to Rural Women's Groups in Senegal shows that women participants had made important gains as regards self-empowerment, material and attitudinal changes. However, they also revealed the tension between short-term development interventions and investing in long-term change.

UNIFEM has had several opportunities to work collaboratively on evaluation activities with other agencies, primarily to provide technical expertise. For instance, UNIFEM has been working with the UNFPA Gender and Population Unit, at its invitation, to develop the framework for a study to determine the extent to which gender has been mainstreamed into UNFPA programmes and projects. Since UNIFEM has already implemented two such studies on mainstreaming, the Fund's work has been most valuable in contributing to the articulation of the framework as well as the methodology and the indicators. UNIFEM experiences with mainstreaming, primarily through projects in Asia/Pacific, will be included in the sample for site visits to occur in 1996.

V. EVALUATION AND ACCOUNTABILITY

19. Notwithstanding the evident need to give strategic planning due prominence in the OESP work programme, the pre-eminence of the evaluation function has been maintained. Procedures followed by OESP for the conduct of its strategic evaluations are those established by the United Nations and UNDP. The difference, as noted earlier, is that the findings of the strategic evaluations reach decision-makers more directly and will continue to receive wider policy attention through early publication.

20. Details of OESP work in evaluation are presented in the annex.

VI. EXECUTIVE BOARD ACTION

21. The Executive Board may wish to:

Take note of the present report.

Annex

MAJOR OESP EVALUATION ACTIVITIES: AUGUST 1994 TO 31 DECEMBER 1995

Activities	Status
Country Programme Evaluations - Sri Lanka, Honduras, Niger	Completed
Evaluation NATCAP - Guinea	Completed
Rethinking Evaluation	Completed
Options analysis for the expansion of Central Evaluation Database (CEDAB)	Completed
Monographs on monitoring and evaluation - Jordan, Morocco, Paraguay and United Arab Emirates	Completed
Review of UNDP monograph series on monitoring and evaluation	Completed
Subregional training seminar on monitoring and evaluation - Ethiopia, Argentina	Completed
Training on monitoring and evaluation in headquarters (approximately 150 Junior Professional Officers)	Completed
Subregional training seminar on monitoring and evaluation - Malaysia	Preparations under way
Training on monitoring and evaluation - Brazil	Completed
Publications - three new series developed and launched	Completed
Evaluation of energy sector projects	Completed
Evaluation of UNDP-IDB relationship	Completed
Support to DANIDA-led evaluation on Rwanda - UNDP contribution	Completed
Three participatory evaluation workshops - Swaziland	Completed
JCGP harmonization	First phase completed. Second phase under way
Baseline studies on globalization - programme and process evaluations	Completed
Evaluation of national execution	Completed
Evaluation of cost-sharing modality	Completed
Resident coordinator function	Completed. Report being finalized
Programme Impact and Performance Assessment (PIPA): - Concept paper tested in Viet Nam and Egypt - Testing phase expanded to some Centres of Experimentation	 Completed. Preparations under way
Assessment of sustainability of UNDP projects	Preparations under way
Handbook on participatory evaluation	Preparations under way
Evaluation of SPR-funded programme for evaluation and training	Nearing completion

Activities	Status
Strategic evaluations - Support to Asian transitional economies - Impact of regional, interregional and global programmes - Public sector management and reform in Arab States	Preparations under way
Joint work with SIDA/CIDA on evaluation	Ongoing
Contribution to DAC Expert Group on Evaluation	Ongoing
Reports on proceedings of Inter-Agency Working Group (two reports)	Completed
Contributions to SPR evaluations on World Conference on Education For All, Human Development Report, HIV-AIDS, DOPP research project, TCDC, gender programme	Completed
Support to assessment of UNDP by four donors	Ongoing
Contribution to capacity-building task force	Ongoing
Formulation of programme-approach evaluation guidelines	Completed
Support to GEF/Capacity 21 guidelines for monitoring and evaluation activities	Completed
Participation in SPR evaluations of NATCAP and aid coordination	Completed
Support to TCDC evaluation and Special Plan of Economic Cooperation for Central America	Completed
Corporate Monitoring - Production of "Managing Change Update"; Monitoring implementation of corporate plan	Quarterly. Completed for April, July, October 1995 and January 1996

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PROGRAMME OF ASSISTANCE TO THE PALESTINIAN PEOPLE

Report of the Administrator

I. PURPOSE

1. The present report contains an account of the activities of the Programme of Assistance to the Palestinian People (PAPP) during 1995, including its financial situation, programme delivery and strategy, operational highlights and the role of the United Nations Development Programme (UNDP) in coordination.

II. OVERALL SITUATION

2. The PAPP Programme has been enlarged and has evolved considerably in 1995 in direct response to ongoing and continuing developments in the historic peace process between the Government of Israel and the Palestinian Liberation Organization (PLO). Throughout 1995, the Palestinian Authority pursued its efforts to establish and maintain central institutions of administration, not only in the self-rule areas of the Gaza Strip and the West Bank area of Jericho, but also throughout the West Bank, in five key delegated spheres of civil administration, including education and culture, health, social welfare, tourism, and direct taxation.

3. On 28 September 1995, the landmark Interim Autonomy Agreement (or "Oslo II Accord") was signed between Israel and the PLO, which has paved the way for the transfer of all main cities and hundreds of villages in the West Bank to Palestinian self-rule. The Interim Autonomy Agreement also provides for the election of the Head of the Palestinian Authority and of an 82-member self-governing authority - the Palestinian Council - to be held on 20 January 1996.

III. FINANCIAL SITUATION

4. Total PAPP expenditures in 1995 are estimated to amount to $34 million, an increase of more than 50 per cent over 1994 expenditures of $22 million. The 1995 expenditures were made possible almost in their entirety through large-scale bilateral contributions to PAPP, including trust funds and management service agreements. During 1995, PAPP received the following contributions from various donors for programme activities to be expended in 1996: $11 million from Japan; $4 million from Norway; $2.1 million from Italy; $1.75 million from Sweden; $350,000 from Finland; $20,000 from the Netherlands; $400,000 from USAID; $1.5 million from the United Nations Capital Development Fund (UNCDF); and $35,000 from UNFPA. In addition, PAPP has firm commitments to receive further contributions totalling approximately $25 million from eight bilateral donors (the United States Agency for International Development, Canada, Finland, France, Japan, Norway, Sweden, Switzerland and the United States) over the next few months.

5. In order to deliver this greatly expanded programme, PAPP operational capacity was significantly reinforced during 1995, primarily through the recruitment of highly skilled Palestinian technical, engineering and programming professionals. Two new technical sections were added, one in public administration management, which is now fully established, and one in rural development, which is being set up. The Gaza Office was given a large degree of delegated responsibility, and was significantly reinforced by the addition of more than 20 staff members, including engineers, programme staff and United Nations Volunteers (UNV) specialists. Another important and clear trend in the latter half of 1995 was the integration of UNDP-financed expertise into the emerging Palestinian public administration. PAPP human resource capacity was also significantly enhanced through the support provided by several bilateral donors through the Junior Professional Officer (JPO) programme.

6. A unique aspect of the PAPP programme is that it is to a very large degree self-financing. The core administrative budget contribution to PAPP from UNDP central resources amounted to only $713,000 in 1995, or just 2 per cent of what PAPP was able to deliver in 1995; all other administrative costs were met through the income generated by the PAPP implementation of donor-funded projects. In addition, because PAPP draws largely upon locally available resources and expertise, and because most of the generated income gets reinvested at the field-office level, the PAPP programme has proven to be a very cost-effective implementation mechanism for bilateral donors.

7. PAPP core resources will amount to $4 million under successor arrangements for each of the two years in the period 1997-1998. Because fifth cycle resources for PAPP have been fully expended, these resources can be borrowed earlier, not to exceed $4 million for possible disbursement in 1996. The increase in core resources will enable PAPP to initiate and further develop new priority programmes to support the Palestinian Authority and to continue to attract large-scale donor funding as well.

IV. PROGRAMME DELIVERY AND STRATEGY

8. PAPP strategy in 1995 was to mobilize and target bilateral donor contributions to meet rapidly emerging priorities, emanating from the changes in Palestinian society and institutions brought about by the peace process. This strategy was aimed at translating the changes brought about by the peace process into immediate, positive, and tangible impacts for the Palestinian people.

9. Within this context, utilizing the sustainable human development approach, PAPP activities in 1995 had three overriding objectives: (a) to support the institution- and capacity-building processes upon which the Palestinian Authority had embarked since its establishment in the Territories in May 1994; (b) to progress from direct PAPP-execution, which was necessary before the arrival of the Palestinian Authority, to a new generation of projects where the PAPP role is increasingly confined to technical support, supervision, and facilitation; and (c) to focus on poverty elimination by helping to create employment opportunities, especially in Gaza, where widespread unemployment has proven to be the primary obstacle impeding economic growth in the West Bank and Gaza Strip, since the peace process began.

10. In addition, PAPP undertook a programming exercise during 1995 to formulate, for the first time, a comprehensive and forward-looking strategic framework that will guide its programme activities in the West Bank and Gaza Strip over the next three-year period. The resulting PAPP Programme Framework (1996-1998) thus provides strategies and concrete programme initiatives in each of six key areas of intervention for PAPP: public administration management; gender in development; agricultural development; private sector development; employment-generating public works programme; and environmental and social sector infrastructure.

11. The strategies and initiatives outlined in the programme framework reflect the results of an extensive consultation process that PAPP undertook, first with the Palestinian Authority to ensure that the PAPP programme would truly respond to the Palestinians' own priorities; and then with bilateral donors, other United Nations agencies, the European Union and the World Bank to ensure that PAPP activities are coordinated, from the outset, with the many other donor-supported programmes. The total programme of support, as outlined in the programme framework, amounts to $94 million for the three-year period 1996-1998.

12. The primary aim of all of the strategies and programme initiatives identified in the programme framework is to increase the technical and implementation capacities of Palestinian Authority institutions, municipality and village councils, and civil society organizations.

13. Finally, in line with the most recent developments in the peace process stemming from the recently signed Oslo II Accord, PAPP has already undertaken an extensive programming mission to the Districts of Hebron, Jenin, Nablus and Tulkharem, new areas of autonomy for the Palestinian Authority. This will be followed by another programming mission in early 1996 to Bethlehem, Kalkilya and Ramallah. The history of PAPP of operational activities in the Territories, as well as its intention soon to establish a UNDP sub-office in the West Bank city

of Nablus, will enable PAPP to support the Palestinian Authority as it expands its autonomy to new areas of the West Bank.

V. OPERATIONAL HIGHLIGHTS

14. The main success of PAPP in providing quick-delivery implementation mechanisms, and in helping the Palestinian Authority and the donor community to overcome absorptive capacity constraints is perhaps best characterized by the leadership role it has taken in the Employment-Generation Programme. The employment-generation programme, which started as an emergency scheme in 1994, primarily to provide immediate employment opportunities to unemployed labourers in the Gaza Strip, has evolved from a generalized clean-up operation to a major programme of infrastructure rehabilitation involving numerous Palestinian contractors and implemented through labour-intensive methods. The implementation modalities now include as direct counterparts the concerned municipality and village councils receiving on-the-job training from UNDP. Infrastructure rehabilitation undertaken in 1995 includes: rehabilitation work at 19 schools and 12 health facilities; construction of four large parks and five neighbourhood parks in the Gaza Strip; and the paving and tiling of over 250,000 square metres of streets and pavements. Through these public works, over 70,000 work days were created. In 1995, donors committed a total of $19 million to the Programme.

15. Highlights from the PAPP large-scale Infrastructure Development Programme as well as its strength in the West Bank and Gaza Strip during 1995 include the following: construction of water-supply systems in a number of rural villages in the West Bank, and rehabilitation and extension of water- supply systems in the cities of Nablus, Ramallah, Tulkharem in the West Bank and Khan Younis and Rafah in the Gaza Strip; continued construction on two main West Bank hospitals; the launching of a small-scale infrastructure rehabilitation and maintenance programme in partnership with the Municipality of Gaza; and construction and renovation work at the Jericho School and Sports Complex. All PAPP activities in infrastructure rehabilitation are designed to complement capital investments with the necessary technical cooperation and training of counterpart staff to ensure sustainability, proper maintenance of the infrastructure and a progressive transfer of project implementation functions to the counterpart institution. For example, PAPP initiated a project in 1995 to build the technical and management capacities of the water departments of seven West Bank and Gaza municipalities, specifically in maintenance and operation issues.

16. The PAPP Gender-in-Development Programme continued to expand in 1995, with activities aimed at promoting the role of Palestinian women in decision-making processes and empowering Palestinian women through leadership and gender training. A number of advocacy initiatives were carried out, including a comparative review of existing legislation from a gender perspective with suggested refinements to make the legal system more gender sensitive; and support to a coalition of Palestinian women's health professionals working on an innovative life cycle approach to be translated into a proposed women's health policy for the West Bank and Gaza Strip.

17. In line with the UNDP global mandate to develop national capacities for sustainable human development, PAPP initiated activities in 1995 to start the process of formulating a human development profile of the West Bank and Gaza Strip. This initiative is considered a crucial step towards defining long-term developmental goals and facilitating the dialogue between the Palestinian Authority, civil society, the United Nations and donors. Activities conducted thus far include the definition of human development indicators relevant to the West Bank and Gaza Strip and the setting-up of a viable, professional Palestinian structure to manage the process of producing the profile and of mobilizing the Palestinian community around the sustainable human development approach.

18. As part of its capacity-development efforts, PAPP responded to the most urgent needs of the Palestinian Authority by providing emergency start-up support to more than 20 of its main institutions, primarily the ministries. PAPP supported the start-up of these Palestinian Authority institutions by procuring vehicles, office equipment, computers, office furniture, and in some cases, helped to secure premises for the new institutions. This large-scale programme amounted to over $10 million of support throughout 1995.

19. Building on this initial emergency start-up support, PAPP subsequently initiated a Public Administration Development support programme to support further the Palestinian Authority institutions in their operational, administrative and human resource management tasks. This programme, which was launched through a high-level diagnostic mission conducted by the UNDP Management Development and Governance Division, will focus initially, and in close coordination with other donors in this area, on building up the capacity of the newly created Public Administration Institute to organize and implement training programmes for Palestinian civil servants in all aspects of public sector administration and management.

20. Also in the area of institution-building in the environmental field, the PAPP Water Resources Action Programme (WRAP), which initiated its activities in water resources management in 1994, provided key technical support that facilitated the establishment of the central Palestinian Water Authority (PWA) in April 1995. Concentrating on the overriding need to conserve, protect, and wisely develop scarce and valuable Palestinian water resources, WRAP is presently providing direct support to operationalizing the PWA policy, planning, monitoring and regulatory functions, and in building the skills and revenue base of the PWA. WRAP is also supporting the PWA in ensuring the effective implementation of specific terms of the Oslo II Accord, and in translating those terms into specific policy-action and investment projects.

21. PAPP also initiated two new programmes in 1995 aimed primarily at developing the capacities of Palestinian institutions. The Transfer of Knowledge Through Expatriate Nationals (TOKTEN) programme has thus far enabled more than 20 expatriate Palestinian professionals to undertake high-level advisory and training missions to support Palestinian Authority and other public and private Palestinian institutions. The TOKTEN programme has recently received a commitment of new bilateral funding that will enable it to continue throughout 1996. UNV provides volunteer specialists to work within Palestinian institutions and projects sponsored by UNDP and other United Nations agencies

for a long-term plan of skills transfer. Two specific projects have been formulated: one will provide operational-level expertise at key positions within the ministries to assist in formulating their programmes; the other will establish a Palestinian volunteer system based in youth clubs in the Gaza Strip to address critical issues facing this significant segment of the population.

22. In the area of private-sector development, PAPP, in close consultation with the United Nations Special Coordinator, sponsored a pioneering mission to assist the Palestinian Authority in defining its strategy on the establishment of industrial parks. The issue of industrial parks has since become one of the cornerstones of the Palestinian Authority's economic development strategy.

23. The Integrated Rural Development Programme, which was introduced in last year's report of the Administrator (DP/1995/20), has continued to expand its activities into other micro-regions of Jenin District, the poorest area in the West Bank. The Programme utilizes participatory development planning and implementation tools and focuses on strengthening village-level planning, financial and project management capacities to support the devolution of public-sector funding to local levels. The success of the Integrated Rural Development Programme, and the participatory methodologies that it employs, led to a further $1.5 million contribution in 1995 for local-level infrastructure rehabilitation and construction from the United Nations Capital Development Fund.

24. In an effort to support reconciliation and the wider Middle East peace process, PAPP has now started to promote and facilitate Palestinian participation in Middle East and Mediterranean regional conferences and training seminars to support the progressive integration of the West Bank and Gaza Strip into the region. UNDP has facilitated the implementation of a regional project of the International Convention Against Desertification, involving experts from the Palestinian Authority, Israel and Jordan, as well as initiating an exchange of experts in agricultural research and extension between the Territories and Egypt, Israel and Jordan.

25. PAPP has also supported the United Nations Population Fund (UNFPA) in its preparatory work to assist the Palestinian Authority to undertake a population and housing census that will provide essential data and information upon which the Palestinian Authority can develop well-targeted economic and social policies. In addition, PAPP has started to establish a partnership with the Food and Agriculture Organization of the United Nations to provide a large-scale programme of policy advisory support and institutional-strengthening in the field of agriculture. The Programme also had collaborative relationships with the United Nations Children's Fund, the United Nations Relief and Works Agency for Palestine Refugees in the Near East, the United Nations Industrial Development Organization and the International Labour Organization.

26. On 30 March 1995, the Associate Administrator of UNDP inaugurated the new office of the Programme of Assistance to the Palestinian People in the Gaza Strip. The Gaza Office, which was significantly reinforced throughout 1995, greatly facilitates PAPP channels of communication with the many Palestinian Authority institutions based in Gaza and provides key support to the implementation of many PAPP activities. Sixty per cent of ongoing PAPP programme activities are based in the Gaza Strip.

27. To ensure the continued quality and effectiveness of its activities, PAPP initiated several technical review and evaluation missions during 1995, including a tripartite review of the Water Resources Action Programme and a technical review of the PAPP Engineering Unit.

28. Although its expenditures increased by more than 50 per cent from 1994 to 1995, PAPP still experienced a hindrance in the pace of programme delivery during 1995, due to two primary reasons: the frequent closures of the border between the Gaza Strip and Israel, which at times severely restricted the free flow of goods and people; and the difficulty of many newly established counterpart Palestinian institutions to define clearly their mandates, priorities, and needs for technical cooperation and capital assistance. This latter aspect is well understood as being an inevitable part of the capacity-building process, which, as mentioned above, UNDP tries to mitigate through some of its advisory services in public administration management.

VI. UNDP ROLE IN COORDINATION

29. Throughout 1995, PAPP continued its active support to the United Nations Special Coordinator in the Occupied Territories, who was appointed by the Secretary-General in June 1994 to facilitate coordination among respective United Nations programmes and agencies operating in the West Bank and Gaza Strip.

30. PAPP support to the United Nations Special Coordinator includes serving as Secretariat to 6 of the 12 sectoral working groups established in January 1995 to promote and coordinate activities of the donors in various sectors according to Palestinian Authority priorities. The PAPP role in coordination also included taking the lead role, at the request of the United Nations Special Coordinator, in preparing the initial drafts of four of the six United Nations strategy papers for the United Nations priority sector groups, which were established for the primary sectors of United Nations involvement: education; employment-generation; health; infrastructure and housing; institution-building; and private-sector development.

31. The PAPP programme framework (1996-1998), which reflects and is consistent with United Nations priorities as developed in the United Nations strategy papers should also serve as an additional tool in helping to promote donor coordination.

32. In addition, PAPP participates in the Consultative Group meetings of donors, as well as in other international donor events, such as the multilateral working group meeting on water and the environment in June 1995 and the Middle East and North Africa Economic Summit, held in Amman, Jordan in September 1995.

VII. EXECUTIVE BOARD ACTION

33. The Executive Board may wish to:

1. Take note of the present report; and

2. Encourage the international donor community to continue its high level of contributions to the Programme of Assistance to the Palestinian People and to take full advantage of the Programme's well-tested implementation and delivery capacities.

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Draft report of the Secretary-General on enhancing the internal oversight mechanisms in operational funds and programmes

Note by the secretariat

1. By memorandum of 18 January 1996, the Secretary-General has transmitted to the Executive Director of the United Nations Population Fund, the Executive Director of the United Nations Office for Project Services and to the Administrator of the United Nations Development Programme the draft of his report on enhancing the internal oversight mechanisms in operational funds and programmes. The draft of the report, which is in response to paragraph 11 of General Assembly resolution 48/218 B, is hereby circulated to the Executive Board.

2. The Secretary-General has asked the Executive Directors and the Administrator to consult with the Executive Board and to convey to him the comments of the Board on the draft report.

3. The Executive Board may wish to provide its comments on the draft report at the current session and request the Executive Directors and the Administrator to convey them to the Secretary-General so that he may take them into account in finalizing his report for the General Assembly.

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DRAFT REPORT OF THE SECRETARY-GENERAL ON ENHANCING THE INTERNAL OVERSIGHT MECHANISMS IN OPERATIONAL FUNDS AND PROGRAMMES

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I. Introduction

1. This report has been produced, on the request of the Secretary-General, by the Office of Internal Oversight Services (OIOS), in response to the General Assembly's request for a detailed report by the Secretary-General containing recommendations on the implementation of GA Resolution 48/218B as it pertains to the internal oversight functions of the United Nations operational funds and programmes.

2. In pursuing this mandate, OIOS contacted the funds and programmes to obtain information about their internal oversight mechanisms. In this context, OIOS has identified organizational structures and procedures established by the funds or programmes, or provided to them by OIOS, which enable them to exercise internal oversight to varying degrees. This identification or stock-taking of internal oversight in the funds and programmes was the first step in a process leading to the eight recommendations contained in paragraphs 38-45 of this report. These recommendations suggest methods by which the Office can assist funds and programmes in enhancing their internal oversight mechanisms, as called for in GA Resolution 48/218B, paragraph 11. They have been drafted with a view toward enabling the General Assembly to formulate a policy to be implemented by the governing bodies of the funds and programmes in question with regard to their oversight functions. They are made without prejudice to the independent authority of OIOS under General Assembly Resolution 48/218B to fulfill its responsibilities.

3. OIOS has made every effort to actively involve all concerned entities in the different stages of the stocktaking. To reinforce the accuracy of the observations, broaden the perspective of the analysis and corroborate the soundness of the recommendations, surveyed funds and programmes, and external entities were involved in the information gathering and verification process as well as the analysis of findings.

4. While this report was being prepared, several funds and programmes took measures to enhance their internal oversight services by establishing new, or restructuring their existing internal oversight functions, or by initiating a closer cooperation with OIOS. For example, the Governing Council of UNEP expressed its desire to work closely with the

Office of Internal Oversight Services and requested the Executive Director to formulate and enact, in consultation with OIOS, a specific plan of action to prevent waste, fraud and mismanagement (UNEP/GC.18/40, May 25, 1995). The Secretary-General welcomes these developments as they confirm that funds and programmes have recognized the necessity to strengthen their internal oversight functions. OIOS, in acknowledging the evolving nature of the UN system, does not attempt to offer a definitive picture of recent developments but only seeks to indicate current trends.

II. Scope

5. This report considers the following operational funds and programmes:

1. International Trade Centre (ITC)
2. United Nations Habitat and Human Settlement Foundation (UNCHS/Habitat)
3. Fund of the United Nations International Drug Control Programme (UNDCP)
4. United Nations Development Programme (UNDP)
5. Fund of the United Nations Environment Programme (UNEP)
6. United Nations Population Fund (UNFPA)
7. Voluntary Funds administered by the United Nations High Commissioner for Refugees (UNHCR)
8. United Nations Children's Fund (UNICEF)
9. United Nations Institute for Training and Research (UNITAR)
10. United Nations Office of Project Services (UNOPS)
11. United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA)
12. United Nations University (UNU)
13. World Food Programme (WFP)

6. The legal status of these funds and programmes has been defined by or with the involvement of the General Assembly, and their executive heads are appointed by, or with the involvement of the Secretary-General. Furthermore, with the exception of the World Food Programme, they are all audited by the United Nations Board of Auditors.

7. Entities which are fully financed by the regular budget of the United Nations, such as UNCTAD, and those such as INSTRAW, UNRISD and UNIDIR which are financed by the Trust Funds administered by the United Nations, and hence are fully provided with internal oversight services of OIOS, have not been addressed in this report. Similarly, UNCDF, UNIFEM and UNV which are financed by the Trust Funds administered by UNDP are considered as part of UNDP, for purposes of this report.

8. Under current arrangements, OIOS provides all or part of the internal oversight services to the following funds and programmes: ITC, UNITAR, UNRWA, UNU, Voluntary Funds of UNHCR, Fund of UNEP, UNCHS/Habitat and Fund of UNDCP. Funds and programmes whose internal oversight functions are at present provided separate from OIOS are: UNDP, UNICEF, UNFPA, UNOPS and WFP.

III. Methodology

9. In undertaking the mandate of General Assembly Resolution 48/218B paragraph 11, the resolution was analyzed to extract those elements which defined the internal oversight function. A model was then developed of the internal oversight function which could be extended to the funds and programmes.

10. The next step was to prepare a questionnaire which was sent in June 1995 to all entities within the scope to obtain information which would allow the formulation of conclusions about the current status of internal oversight in the target funds and programmes.

11. Upon receiving the replies to the questionnaire, the data was catalogued and verified

with each fund and programme by the end of September 1995. Taking into account that individual operational funds and programmes have differing, but equally viable organizational arrangements, the provision of oversight services was analyzed with regard to:

(a) Adequacy, effectiveness and efficiency of services

- adequacy of oversight responsibilities with respect to execution of all components of the oversight function (audit, evaluation, monitoring and inspection, investigation)
- adequacy of personnel and budgetary resources
- effectiveness of internal monitoring of the implementation of recommendations
- efficiency of oversight services through coordination among oversight functions
- effectiveness of designated organizational entity/person to receive allegations of waste, fraud and mismanagement
- adequacy of protection of staff members who make allegations/ report misconduct

(b) Independence of oversight functions

- operational independence guaranteed by the organizational structure

(c) Accountability to governing body

- accountability through regular, informative reports on developments of the oversight responsibilities with specific emphasis on reporting present findings as well as the implementation status of previous recommendations deriving from internal audits, evaluations, monitoring, inspections and investigations.

12. Finally, based on the analysis, certain recommendations were developed to enhance the oversight functions of the funds and programmes.

IV. Analysis

(a) Audit

13. This survey disclosed that all operational funds and programmes have long established audit functions with a clearly defined scope of work. As one would expect, the quantity and scope of audits varies with the size and objectives of the funds and programmes. One common characteristic seems to be the pronounced emphasis on management and programme audits over financial statement audits, which fall traditionally in the domain of external auditors.

14. Though some units have been reorganized as recently as 1992 (and OIOS itself established in 1994), the organizational structure, reporting lines, and internal reporting procedures were in all cases clearly defined. Audit services are generally provided by OIOS to funds and programmes financed through the regular United Nations budget. In addition, OIOS provides audit services to activities financed by extra-budgetary funds (ITC, UNCHS/Habitat, UNDCP, UNEP, UNHCR) through separately funded arrangements. OIOS communicates findings and recommendations of internal audits to the audited entity and follows up on the implementation of audit recommendations.

15. Within all operational funds and programmes that have audit units separate from OIOS, audit units are located in the office of the executive head. The organizational arrangement that brings audit under the authority of the executive or the assistant executive head is in some cases the result of relatively recent reorganizations. These efforts towards reorganization reflect the common understanding that in order to provide objective, impartial and candid assessments, the audit unit has to be granted operational independence from the entities subject to its scrutiny. In other words, the audit function is to be divorced from the administration of the entity.

16. In addition to the organizational structure, this survey looked at financial and human resources committed to the audit and evaluation functions. The commitment of resources should be viewed in the context of the operational scope of a fund or programme as this

is the major determining factor for the allocation of resources for oversight services. From a general perspective, the commitment of financial resources to audit services is on average slightly higher than for evaluation services[1]. It can be observed as a general principle that operational funds and programmes extensively involved in humanitarian relief (e.g. UNHCR) have higher audit than evaluation budgets. In contrast, funds and programmes primarily concerned with strategic or long-term programmes and projects (UNICEF, ITC, UNFPA) are likely to have comparatively higher expenditure on evaluations[2]. Given the nature of humanitarian relief work, characterized by the necessity to respond to emergencies without time for thorough administrative planning, and often involving substantial cash transfers to geographically remote areas, the need for forceful audit entities is apparent.

17. OIOS will study cost saving measures for its activities away from United Nations Headquarters in New York and the United Nations Office in Geneva. OIOS is committed to employing its resources in the most efficient manner without compromising the integrity of its service. In particular, OIOS will investigate the possibility of cooperation with audit services of United Nations operational funds, programmes and specialized agencies with a regional presence in regions in which OIOS is engaged. OIOS is willing to provide services for other members of the UN system, but will also rely on services provided more cost efficiently by other entities as long as adherence to OIOS standards is guaranteed.

(b) Evaluation

18. Similar to audit, evaluation units are well established within all surveyed funds and

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[1] This comparison has limitations as the evaluation budget does in some cases comprise other functions (e.g. in the case of UNHCR inspection functions and in some instances additional sources of funding exist (e.g. in the case of UNFPA project funds are used for mandatory annual project audits). Yet, this comparison arrives at a rough indication of the relative emphasis placed on audit and evaluation functions.

[2] Note that UNDP's expenditure does not follow this characterization, neither does UNEP and UNCHS/ Habitat.

programmes. However, the organizational structures are more diverse than in the case of audit. Within several funds and programmes, evaluation constitutes an integral part of the oversight function (UNCHS/HABITAT, ITC, UNHCR, UNICEF, WFP). While in others (UNEP, UNDCP, UNDP) evaluation is integrated in the strategic planning process. Other organizational arrangements include the merging of evaluation and inspection functions (UNHCR), combining the evaluation unit with a research office (UNICEF), or pairing evaluation and monitoring functions (UNICEF, UNDP). UNHCR is also a good example for the diversity of the evaluation function. The agency has been subject to an in-depth evaluation by the Committee for Programme and Coordination (CPC) in 1993 on the basis of an evaluation report by the OIOS Central Evaluation Unit. Besides, the agency has had its own, in-house evaluation function with a focus on field projects which complement the evaluation as performed by OIOS. All these organizational arrangements are equally viable and reflect the differing focuses of the individual entities. An entity that combines evaluation with inspection is more likely to view evaluation as a periodic but ad hoc procedure, while the philosophy underlying the integration of monitoring and evaluation stresses the continuity of the evaluation process.

19. With regard to financial resources committed to evaluation functions, those funds and programmes with long-term commitments or a strategic agenda (ITC, UNEP, UNDCP, UNICEF) have relatively high evaluation expenditure ratios, reflecting their need to evaluate programmes and cooperation projects to determine their effectiveness and efficiency. On the other hand, relief operations have received a lower level of expenditure as evaluations against set targets seem to have a more limited application in an emergency setting, though, important "lessons learned" can and should also be derived from the evaluation of performance in this environment.

(c) Monitoring

20. ST/SGB/273 describes the monitoring function within OIOS as providing assistance "in implementing the provisions of article V of the Regulations and Rules governing

Programme Planning, the Programme Aspects of the Budget, the Monitoring and Implementation and the Methods of Evaluation on monitoring of programme implementation. The Office shall also ensure that monitoring and self-evaluation are viewed as an integral part of managerial responsibility for the efficiency and effectiveness of programme performance."

21. The survey indicated the existence of monitoring units in some funds and programmes whereas in others monitoring tasks are currently accomplished through other organizational units (e.g. evaluation) or are integrated into managerial functions. In general, it is not viewed as necessary that each organizational fund or programme establish a monitoring unit. In particular, smaller entities or entities with a limited operational scope would not derive a substantial benefit from a monitoring unit. Establishing a new unit could simply lead to the diversion of scarce resources. OIOS encourages the development of the monitoring and self-evaluation functions as a managerial responsibility and will provide assistance with this task, if requested.

(d) Inspection

22. In the OIOS mandate, the scope of inspections is defined as "ad hoc inspections of programmes and organizational units whenever there are sufficient reasons to believe that programme oversight is ineffective and that the potential for the non-attainment of the objectives and the waste of resources is great [...]. These inspections shall recommend to management corrective measures and adjustments as appropriate." Organizationally, the inspection function in OIOS is part of the Monitoring and Inspection Unit, while the current arrangement in most funds and programmes gives the audit unit responsibility for inspections. OIOS is concerned that the latter arrangement might prove inadequate in certain cases where specialized knowledge of inspectors is necessary or where resources from audit can not be shifted quickly enough to address ad hoc inspection requirements. To address this concern, a "rapid reaction force" within the audit unit could be formally designated and trained to deal with ad hoc inspections.

23. In addition, and in order to ensure inspection coverage throughout the Organization, OIOS stands ready to cooperate with the funds and programmes should they decide to call on its inspection team rather than establishing a permanent inspection unit.

(e) Investigation

24. The OIOS Investigations Section was established to perform three general functions: to "investigate reports of violations of United Nations regulations, rules and pertinent administrative issuances and transmit to the Secretary-General the results of such investigations together with appropriate recommendations"; to "focus on assessing the potential within programme areas for fraud and violations... in high-risk operations as well as offices away from Headquarters"; and to receive and investigate reports "from staff and other persons engaged in activities under the authority of the Organization suggesting improvements in programme delivery and reporting perceived cases of possible violations of rules or regulations, mismanagement, misconduct, waste of resources or abuse of authority.... [S]taff members and others can make directly to the Office suggestions and reports which shall be received and handled in *complete confidence*." (emphasis added) ST/SGB/273 paras 16-18.

25. Of the surveyed funds and programmes, only WFP has established a unit that will carry out functions similar to those described above. Since the Office of Inspection and Investigation in the Office of the Executive Director (OEDI) was created in July 1995, its definitive terms of reference have not been formalized as of October 1995. While this initiative is noted, it is also suggested that an officer be designated to receive suggestions and reports. At the same time, procedures should be established to ensure the confidential treatment for those who submit suggestions and reports to OEDI. The chosen organizational structure of OEDI, i.e. bringing the investigation unit into the Office of the Executive Director, should guarantee its operational independence, integrity and credibility, although consideration must be given to a direct reporting relationship with the governing body as well.

26. All of the other operational funds and programmes do not have a separate investigative unit. Under current arrangements, OIOS will provide investigative services to all of these funds and programmes as necessary. However, if OIOS is to provide effective coverage in this area, it will be necessary to designate additional resources from extra-budgetary sources to the budget of the Investigations Section for posts and travel.

27. If any entity should decide that an investigation unit must be created internally, organizational structures have to be put in place that ensure the operational independence of the new unit. The investigation unit could be placed in the Office of the Executive Head and report to the governing body to guarantee impartial investigation services. In this event, the unit would have to be staffed with a sufficient number of trained, professional investigators and develop procedures which ensure confidential reporting of information with protection afforded both to those who make reports in good faith and to those who are the subjects of reports.

28. Additionally, the unit would need to develop and implement transparent terms of reference and an operating manual so that both the investigators and the other staff of the agency are made fully cognizant of the authority, jurisdiction, responsibilities, reporting relationships (notably to the head of the agency) and procedures of the investigation office.

29. The Investigations Section of OIOS stands ready to work with those funds and programmes who would try to establish investigative units. This service could be consultative, providing advice on the structuring and requirements of such a unit and sharing information on the development of internal systems, procedures and controls.

(f) Coordination Among Oversight Functions

30. In addition to surveying the organizational structure and scope of work of the individual oversight functions, this study has tried to identify successful measures to

enhance the cooperation among internal oversight functions. Cooperation between oversight units can contribute to greater cost efficiency and create synergies. Consequently, close, cooperative ties should be maintained among these functions as well as with functions that are often related to the oversight function, but may be organizationally located in a different functional entity (e.g. in strategic planning).

31. The study of the operational funds and programmes found little evidence that the cooperation among oversight units is approached in a systematic or even institutionalized fashion. Rather, cooperation is generally based on informal meetings. Distinctive deviations from this general scheme exist within UNHCR and WFP where internal audit committees[3] coordinate the general oversight process.

32. Beyond the examples given, diverse arrangements with varying degrees of institutionalization can be envisioned to coordinate the functioning of the oversight services. All funds and programmes, which have not already done so, should establish meetings to be attended by the heads or deputy heads of all oversight units including evaluation and potentially strategic planning. These meetings should be held at least monthly to discuss oversight issues of common interest and exchange relevant information.

(g) Monitoring of Implementation of Recommendations

33. The effectiveness of internal oversight services can be dramatically enhanced by instituting effective procedures for monitoring the implementation of recommendations. Currently, OIOS has one Compliance Officer in the Office of the Under-Secretary General, responsible for the coordination of monitoring the status of the implementation of recommendations. OIOS prepares a semi-annual report on the implementation of

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[3] Internal audit committees are usually composed of the heads of the oversight units as well as other division/ bureau heads. A similar arrangement exists for UNFPA, where audit, evaluation and monitoring issues are reviewed and discussed regularly by the UNFPA Executive Committee, chaired by the Executive Director (members include the Deputy Directors and all heads of Divisions).

recommendations and the status of compliance with earlier recommendations by those entities that come under the authority of the Secretary-General. This internal report is submitted to the Secretary-General.

34. Implementation of agreed recommendations should be verified by the relevant internal oversight personnel. All funds and programmes have stressed that implementation of recommendations is monitored during subsequent reviews. This procedure can be enhanced by continuing the dialogue established with the addressee during the review process until all the recommendations are implemented. Therefore, it is strongly recommended that funds and programmes with independent oversight functions develop a mechanism for continually monitoring the implementation of recommendations. In addition, clear procedures should be established to address non-compliance with an approved implementation schedule and reporting to the executive head on the status of implementation of recommendations.

(h) Reporting Procedures

35. Closely related to monitoring implementation is the procedure for reporting to inter-governmental bodies on findings and the implementation status of previous recommendations. This procedure demonstrates to the inter-governmental body and other interested parties that the organization itself is constantly striving to use its resources effectively and efficiently.

36. OIOS submits to the Secretary-General for transmittal to the General Assembly an annual analytical and summary report on its activities. This annual report includes inter alia a description of significant findings and recommendations for corrective action made by the Office during the reporting period and an identification of each significant recommendation in previous reports on which corrective action has not been completed (ST/SGB/273, para. 28).

37. This study has found that most of the oversight functions of the funds and programmes are lacking adequate reporting procedures as also noted by the Joint Inspection Unit in their report entitled "Accountability, Management Improvement and Oversight in the United Nations System" [JIU/REP/95/2]. It is recommended that the reporting procedures of funds and programmes follow similar lines as established for OIOS' reports to the General Assembly. Therefore, the internal oversight units should be requested to submit, through their respective executive heads, periodic comprehensive reports and ad hoc reports on specific issues to their governing bodies. In the case of UNRWA, which reports directly to the General Assembly and has a separate audit function, it is suggested that significant audit reports should be submitted to the General Assembly after consultation with OIOS. For ITC, UNCHS/Habitat and UNDCP, there are established reporting lines to inter-governmental bodies, which are not within the strict definition of governing bodies, but which could assume this role for purposes of accountability. Following the underlying philosophy of General Assembly Resolution 48/218B, a reporting line for all funds and programmes to the General Assembly through OIOS should also be contemplated.

V. Recommendations

Recommendation 1

38. The results of our survey indicated the existence of dedicated monitoring units in some funds and programmes, whereas in others the monitoring tasks are accomplished through other organizational units. It is recommended that whatever organizational structure is used to perform the monitoring tasks, the monitoring concept be viewed and developed as part of the managerial responsibility. The unit performing the monitoring tasks should act as a facilitator, gathering the appropriate data and most importantly, independently analyzing and reporting on the implementation of programme activities.

Recommendation 2

39. The current arrangement gives the audit unit responsibility for the inspection function in most funds and programmes. In the experience of OIOS, specialized knowledge

of the area to be inspected has been essential in forming the inspection team. Additionally, the inspection team must frequently be assembled on short notice, in reaction to a perceived problem. In order to address these two key components of inspection, it is recommended that consideration be given to forming separate inspection units in the larger funds and programmes. Where this is not practical, an inspection team should be formed within the audit unit which is trained to deal with these specialized tasks. OIOS also offers its assistance should a fund or programme decide not to establish their own inspection function.

Recommendation 3

40. Of the surveyed funds and programmes, only the WFP has established a unit similar to the OIOS Investigations Section. Currently, OIOS provides investigation services to any fund or programme if requested and the necessary priority is established. In order to provide more effective coverage, resources need to be allocated by the individual fund or programme to the budget of the Investigations Section. For those entities which decide to establish their own investigation function, the operational independence of the unit needs to be ensured along with the development of a confidential reporting facility and procedures to protect those who make reports in good faith or are the subject of such reports.

Recommendation 4

41. The study of the operational funds and programmes determined that in most instances, cooperation among oversight units is approached in a rather informal manner. It is recommended that regular monthly meetings be held among the heads of the oversight units and other units performing the designated oversight functions to discuss oversight issues and exchange information.

Recommendation 5

42. Surveyed funds and programmes have stressed that implementation of recommendations from oversight activities, is monitored during subsequent reviews. The

effectiveness of the oversight function can be increased if more emphasis is placed on ensuring the timely implementation of recommendations. Therefore, it is strongly recommended that funds and programmes with independent oversight functions develop a mechanism for continually monitoring the implementation of recommendations. This mechanism should include procedures for addressing non-compliance and reporting on the status of implementation to the executive head.

Recommendation 6

43. The results of our survey indicate that most of the funds and programmes are lacking adequate reporting procedures. It is recommended that the reporting procedures of funds and programmes follow similar lines as those established for OIOS. Therefore, the internal oversight units should be requested to submit, through their respective executive heads, periodic comprehensive reports and ad hoc reports on specific issues to their governing bodies.

Recommendation 7

44. In order to further strengthen and unify reporting procedures, the Secretary-General recommends complementing the reporting line of OIOS to the General Assembly, with a report which contains summary records on internal oversight issues of each operational fund and programme. The sub-parts of the summary report would be drafted by the individual entities, making every effort to avoid duplication of reporting. The report would provide a tool for the General Assembly to monitor oversight activities within the individual organizations and provide a comprehensive overview of the achieved improvements and areas of concern to be addressed in the future.

Recommendation 8

45. In view of its responsibility for the enhancement of internal oversight mechanisms in the operational funds and programmes, and its coordinating role, OIOS should have the authority to seek and obtain any relevant information, specific or general, from the internal

oversight entities or the concerned executive heads. OIOS should also have the right to comment, if necessary, on the quality and adequacy of the oversight activities of funds and programmes as they would be reported to the General Assembly following recommendation 7.

ANNEX I

GENERAL OVERVIEW

UNITED NATIONS OPERATIONAL FUNDS AND PROGRAMMES

	° Location of Headquarters ° Year of Founding ° Number Professional Staff (posts in 1994-95) ° Number General Service Staff (posts in 1994-95) ° Number Local Level Staff (posts in 1994-95) ° Number of Offices/Missions	Sources of Funding (Thousands of US$, 1994-95) ° ° Regular Budget ° ° Extrabudgetary Funds (including Voluntary Contributions) Total Budget	Legislative Authority ° Governing Body ° Appointment of head of entity
ITC	° Geneva, Switzerland ° 1964 ° 95 Professionals ° 124 General Service (excluding field-based project personnel) ° No Field Offices	° ° Regular Budget: 20,951.3 (UN share) ° ° Regular Budget: 20,951.3 (GATT share) ° ° Income: 992.4 ° ° Extrabudgetary: 37,808 Total Budget: 80,703	° Joint Advisory Group/ECOSOC ° Executive Director is appointed by Secretary-General
UNCHS/ Habitat	° Nairobi, Kenya ° 1977 ° 97 Professionals ° 2 General Service ° 116 Local Level ° 8 Offices Worldwide, plus Headquarters	° ° Regular Budget: 14,949.5 ° ° Extrabudgetary: 91,697.0 Total Budget: 106,646.5	° ECOSOC/General Assembly ° Executive Director is appointed by Secretary-General
UNDCP	° Vienna, Austria ° 1990 ° 123 Professionals ° 63 General Service ° 85 Local Level ° 21 Offices, including Headquarters	° ° Regular Budget: 14,693.9 ° ° Extrabudgetary: 190,641.6 Total Budget: 205,335.5	° Commission on Narcotic Drugs/ECOSOC/General Assembly ° Executive Director is appointed by Secretary-General
UNDP	° New York, USA ° 1966 ° 912 Professionals ° 581 General Service ° 3,398 Local Level ° 129 Country Offices ° 6 Liaison Offices	° ° Voluntary Contributions: 1,896,000 ° ° Cost-sharing: 1,076,000 ° ° Trust Funds: 355 ° ° Other: 130,000 Total Contributions and Income: 3,457,000	° Executive Board/ECOSOC/General Assembly ° Administrator is appointed by the Secretary-General

	• Location of Headquarters • Year of Founding • Number Professional Staff (posts in 1994-95) • Number General Service Staff (posts in 1994-95) • Number Local Level Staff (posts in 1994-95) • Number of Offices/Missions	Sources of Funding (Thousands of US$, 1994-95) • • Regular Budget • • Extrabudgetary Funds (including Voluntary Contributions) Total Budget	Legislative Authority • Governing Body • Appointment of head of entity
UNEP	• Nairobi, Kenya • 1972 • 379 Professionals • 6 General Service • 540 Local Level • 5 Regional Offices, 10 other Offices, 4 Convention Secretariat	• • Regular Budget: 13,935.2 • • Extrabudgetary: 248,264.3 Total Budget: 262,199.5	• Governing Council/ECOSOC/General Assembly • Executive Director is elected by the General Assembly on nomination by the Secretary-General
UNFPA	• New York • 1966 • 107 Professionals • 137 General Service • 73 International Professionals • 124 International Non-Professionals • 396 Other Local Staff • 97 Offices (excluding Headquarters)	Total Contributions and Income: 265,400 (for 1994 only)	• UNDP Executive Board/ECOSOC/General Assembly • Executive Director is appointed by the Secretary-General
UNHCR	• Geneva, Switzerland • 1951 • 1,194 Professionals • 3,109 General Service • 250 Offices (15 Regional Offices, 100 Country Level Offices, 135 Local Level Offices)	• • Regular Budget: 48,719 • • Voluntary Contributions: 2,434,798 Total Budget: 2,483,517 (current estimates)	• Executive Committee/ECOSOC/General Assembly • High Commissioner is elected by the General Assembly on nomination by the Secretary-General
UNICEF	• New York, USA • 1946 • 6,496 Total Staff • 234 Offices (including Headquarters, 6 Regional Offices, 20 Area Offices, 67 Country Offices)	Total Contributions and Income: 1,997,000	• Executive Board/ECOSOC/General Assembly • Executive Director is appointed by the Secretary-General
UNITAR	o Geneva o 1963 o 20 staff members and 3 research fellows	Voluntary Contributions	o Board of Trustees o Executive Director appointed by the Secretary-General
UNOPS	• New York • 1995 • 91 Professionals • 154 General Service • None • 3 Outposts	• • Regular Budget: 59,254 • • Extrabudgetary: None Total Budget: 59,254	• UNDP Executive Board/ECOSOC/General Assembly • Executive Director is appointed by the Secretary-General

	• Location of Headquarters • Year of Founding • Number Professional Staff (posts in 1994-95) • Number General Service Staff (posts in 1994-95) • Number Local Level Staff (posts in 1994-95) • Number of Offices/Missions	Sources of Funding (Thousands of US$, 1994-95) ° ° Regular Budget ° ° Extrabudgetary Funds (including Voluntary Contributions) Total Budget	Legislative Authority • Governing Body • Appointment of head of entity
UNRWA	• Vienna, Austria • 1950 • 179 International Professionals • 766 Senior (Professional) Local Area Staff • 10 International General Service • 19,636 Local Level (excl. Senior Local Area Staff) • 3 Headquarters Offices, Operations in 5 Fields	• • Regular Budget: 2,350.3 • • Extrabudgetary: 689,071.7 Total Budget: 710,422.0	• General Assembly • Commissioner-General is appointed by the Secretary-General
UNU	o Tokyo o 1972 o total staff: 156 o 5 Institutes/Programmes	Volutary Contributions Total Budget: 66,568	o Council o Rector is appointed by the Secretary-General after consultation with UNESCO Director-General and with his concurrence
WFP	• Rome, Italy • 1961 • 773 Professionals (including 373 Local Professionals) • 1,026 General Service (including 759 Local General Service) • 85 Country Offices	Total Contributions and Income: 3,902,400	• Committee on Food Aid Policies and Programmes/ECOSOC • Executive Director is appointed by the Secretary-General

ANNEX II - Table 1

AUDIT FUNCTION

United Nations Operational Funds and Programmes

	INTEGRAL AUDIT UNIT	° AUDIT UNIT ° LOCATION ° YEAR ESTABLISHED	° LEVEL OF HEAD OF AUDIT UNIT ° # PROFESSIONAL STAFF POSTS (EXCLUDING HEAD)	REPORTING LINES	INTERNAL AND EXTERNAL REPORTING PROCEDURES FOR FINDINGS	PROCEDURE FOR MONITORING IMPLEMENTATION OF AUDIT RECOMMENDATIONS
ITC	NO	[OIOS]		[Secretary-General/ General Assembly]	**Internal:** Findings are brought to the attention of senior management and the individual divisions/ sections concerned. **External:** UN Board of Auditors.	OIOS monitors implementation of recommendations.
UNCHS/ Habitat	NO	[OIOS]		[Secretary-General/ General Assembly]	**Internal:** Final audit reports are addressed to Executive Head. **External:** UN Board of Auditors.	OIOS monitors implementation of recommendations.
UNDCP	NO	[OIOS]		[Secretary-General/ General Assembly]	**Internal:** Final audit reports are addressed to Executive Head. **External:** UN Board of Auditors. **Governing Body:** Commission on Narcotic Drugs is informed through regular reporting, including Annual Report of the Executive Director and budgetary reports.	OIOS monitors implementation of recommendations.
UNDP	YES	° Division for Audit and Management Review (DAMR) ° New York ° 1982	° D-2 ° 13 Professionals	Audit unit reports to the UNDP Administrator.	**Internal:** All audit reports are submitted to UNDP Associate Administrator, in case of major adverse findings, Administrator may contact auditee for response/actions. **External:** UN Board of Auditors. **Governing Body:** Reporting of audit findings to the Executive Board remains at the discretion of the Administrator, unless otherwise requested by Board.	Audit unit monitors implementation of recommendations; checks on implementation of recommendations as standard procedure for subsequent audits.
UNEP	NO	[OIOS]		[Secretary-General/ General Assembly]	**Internal:** Final audit reports are addressed to Executive Head. **External:** UN Board of Auditors.	OIOS monitors implementation of recommendations.
UNFPA	YES	° UNFPA Internal Audit Section, UNDP/DAMR ° New York ° 1993 (prior to 1993 provided by DAMR)	° P-5 ° 1 Professional	Chief of audit unit reports to UNDP/DAMR, as well as to UNFPA Executive Director.	**Internal:** DAMR addresses reports to UNFPA Deputy Executive Director (Policy and Administration). **External:** UN Board of Auditors. **Governing Body:** Executive Board is informed of audit reports by UNFPA Executive Director.	UNFPA monitors implementation of recommendations.

	INTEGRAL AUDIT UNIT	° AUDIT UNIT ° LOCATION ° YEAR ESTABLISHED	° LEVEL OF HEAD OF AUDIT UNIT ° # PROFESSIONAL STAFF POSTS (EXCLUDING HEAD)	REPORTING LINES	INTERNAL AND EXTERNAL REPORTING PROCEDURES FOR FINDINGS	PROCEDURE FOR MONITORING IMPLEMENTATION OF AUDIT RECOMMENDATIONS
UNHCR	NO	[OIOS]		[Secretary-General/ General Assembly]	**Internal:** Final audit reports are addressed to Controller of UNHCR. **External:** UN Board of Auditors.	OIOS monitors implementation of recommendations.
UNICEF	YES	° Office of Internal Audit ° New York ° 1948	° D-2 ° 12 Professionals	Audit unit reports to Office of the Executive Director.	**Internal:** Internal Audit Reports are addressed to auditees and relevant units; executive summary is submitted to Executive Head. **External:** UN Board of Auditors. **Governing Body:** Audit and investigations reports have been given to Executive Board in special cases.	Internal Audit Committee follows implementation on a selective basis; follow-up audits address implementation of agreed actions and actions required.
UNITAR	NO	[OIOS]		[Secretary-General/ General Assembly]	**Internal:** Final Audit reports are addressed to the Executive Head. **External:** UN Board of Auditors.	OIOS monitors implementation of recommendations.
UNOPS	YES	° Project Services Audit Section, UNDP/DAMR ° 1989 ° New York	° P-5 ° 4 Professionals (of which 2 dedicated to audit of Management Service Arrangements funded by World Bank)	Audit unit reports to UNDP/DAMR.	**Internal:** DAMR submits reports to the UNOPS Executive Director. **External:** Management Services Agreements. Audits are submitted by the Executive Director to involved governments and the World Bank.	Procedures for monitoring implementation of recommendations in preparation.
UNRWA	YES	° Internal Audit Office (Office of Commissioner-General) ° Amman ° 1950	° P-5 ° 6 Professionals (replaced by area staff upon relocation of UNRWA Audit Unit from Vienna to Amman)	Chief, Internal Audit Office, reports to the Commissioner-General; General Assembly.	**Internal:** Final reports are submitted to Commissioner-General, who asks officials concerned for action. **External:** UN Board of Auditors.	UNRWA audit unit follows up on implementation and sets target dates; subsequent audits establish whether recommendations were implemented; audit unit acts as focal point to ensure implementation of recommendations by external auditors and reports on follow-up action on such recommendations twice a year.
UNU	NO	[OIOS]		[Secretary-General/ General Assembly]	**Internal:** Final Audit reports are addressed to the Executive Head. **External:** UN Board of Auditors.	OIOS monitors implementation of recommendations.

	INTEGRAL AUDIT UNIT	° AUDIT UNIT ° LOCATION ° YEAR ESTABLISHED	° LEVEL OF HEAD OF AUDIT UNIT ° # PROFESSIONAL STAFF POSTS (EXCLUDING HEAD)	REPORTING LINES	INTERNAL AND EXTERNAL REPORTING PROCEDURES FOR FINDINGS	PROCEDURE FOR MONITORING IMPLEMENTATION OF AUDIT RECOMMENDATIONS
WFP	YES	° Office of Internal Audit ° Rome ° 1985	° D-1 ° 7 Professionals	Audit unit reports to Office of the Executive Director.	**Internal:** Audit Reports are addressed to offices (at Directors' level) responsible for implementing audit recommendations; copies to Executive Director, Deputy Executive Director. **External:** External Auditors receive reports of internal audit findings and are responsible for conveying audit findings and recommendations to oversight bodies of the Programme. **Governing Body:** CFA receives status reports periodically.	Audit unit monitors implementation of recommendations; quarterly reports on status of implementation submitted to Audit Committee, which follows up on non-implementation.

ANNEX II - Table 2

EVALUATION FUNCTION

UNITED NATIONS OPERATIONAL FUNDS AND PROGRAMMES

	INTEGRAL EVALUATION UNIT	° EVALUATION UNIT ° YEAR ESTABLISHED	° LEVEL OF HEAD OF EVALUATION UNIT ° # PROFESSIONAL STAFF POSTS (excluding Head)	REPORTING LINES	INTERNAL AND EXTERNAL REPORTING PROCEDURES FOR FINDINGS	PROCEDURE FOR MONITORING IMPLEMENTATION OF EVALUATION RECOMMENDATIONS
ITC	YES	° Senior Evaluation Officer, Office of the Executive Director ° 1975	° P-5	Evaluators report directly to JAG.	**Internal**: Evaluation reports are sent to all chiefs of operational units. **External**: Annual Report includes a section of evaluation activities.	Recommendations of programme evaluations are monitored by the Senior Evaluation Officer, at project level procedure is currently being reviewed and improved.
UNCHS/ Habitat	YES	° Evaluation Officer, Office of the Executive Director ° 1984	° P-4 (post is vacant since 1992, heads of Division carry out function)	Evaluation Officer reports to the Director of Programme Coordination.	UNCHS issues reports to Central Evaluation Unit, OIOS.	
UNDCP	YES	° Planning and Evaluation Section, Office of External Relations, Strategic Planning and Evaluation	° P-5 ° 2 Professionals	Planning and Evaluation Section reports to Office of External Relations; Strategic Planning and Evaluation reports to Executive Director.	**Internal**: Findings and recommendations are summarized and referred to Executive Director; database contains summary of all evaluations. **External**: Individual project evaluations are shared with executing agencies and recipient countries and discussed at tripartite review meetings. **Governing Body**: Annual report and ad hoc reporting by Executive Director to Commission on Narcotic Drugs.	Follow-up by Planning and Evaluation Section (PES); report to Executive Director, should implementation of decisions encounter difficulties.
UNDP	YES	° Office of Evaluation and Strategic Planning (in Office of the Administrator), former Central Evaluation Office (1983-94) ° 1994 (formerly Central Evaluation Office (1983-1994)	° D-2 ° 5 Professionals	Evaluation system is decentralized at the project level: Regional Bureaus report to Country Offices, these report to Office of Evaluations and Strategic Planning, its director reports to the Administrator.	**Internal**: OESP disseminates findings and lessons learned through series of publications. **External**: Publishes annually since 1994 "Evaluation Findings", reports on major strategic, thematic and programmatic evaluations are also available separately. **Governing Body**: Annual report by Administrator and by Director OESP to Executive Board.	Office of Evaluation and Strategic Planning uses Corporate Plan mechanism.

	INTEGRAL EVALUATION UNIT	° EVALUATION UNIT ° YEAR ESTABLISHED	° LEVEL OF HEAD OF EVALUATION UNIT ° # PROFESSIONAL STAFF POSTS (excluding Head)	REPORTING LINES	INTERNAL AND EXTERNAL REPORTING PROCEDURES FOR FINDINGS	PROCEDURE FOR MONITORING IMPLEMENTATION OF EVALUATION RECOMMENDATIONS
UNEP	YES	° Project Design and Evaluation Unit in the Corporate Planning and Accountability Service ° 1994 (previously Follow-up and Evaluation Unit)	° P-5 ° 2 Professionals		Annual evaluation report is submitted to Governing Council.	Responsibility of sub-programme manager; quarterly evaluation monitoring report is submitted to Executive Committee.
UNFPA	YES	° Evaluation Branch, Technical and Evaluation Division ° 1972	° D-1 (Evaluation Branch) ° 4 Professionals	Country Offices report to Evaluation Branch, Evaluation Branch reports to the Director of the Technical and Evaluation Division.	**Internal**: Evaluation reports are reviewed at country level with Country Support Teams and Geographical Divisions at HQ; thematic evaluations are reviewed by agency/institution under evaluation and are reported to UNFPA Programme Committee; findings and recommendations of Programme Performance Reviews are reported directly to Executive Director. **External**: Publication of evaluation reports. **Governing Body**: Biennial report to Executive Board.	**Project evaluations**: At field level through routine monitoring activities (e.g. Annual Project Reports and Annual Project Review Meetings). **Programme evaluations**: Country programme recommendations are monitored by field offices and country support teams through mid-term reviews and country programme documents; Programme Committee at HQ also monitors the follow-up. **Thematic**: Through technical and evaluation officers' intervention in review of proposed projects and programmes.
UNHCR	YES	° Inspection and Evaluation Service (in the Executive Office of the High Commissioner) ° March 1995	° D-2 ° 4 Professionals	Reports directly to High Commissioner.	**Internal**: Recommendations and conclusion are presented to High Commissioner for decision and follow-up, reports are distributed to Sr. Management Committee and concerned Representatives, managers at HQ and in countries concerned. **Governing Body**: High Commissioner informs Executive Committee.	Procedures not yet developed for IES.
UNICEF	YES	° Evaluation and Research Office (under Deputy Executive Director) ° 1987	° D-1 ° 6 Professionals (5 consultants)	Regional Monitoring and Evaluation Officers report to Deputy Regional Director; Director, Evaluation and Research Office at HQ reports to Deputy Executive Director, Programmes.	**Internal**: Database feeds back results to the field, management and planning process; Newsletter (2-3 issues p.a.) with findings/research reports. **External**: Biennial report to Executive Board; ad hoc reports to interested parties; newsletter.	By Country Office representative (Evaluation database includes summary of follow-up actions undertaken to implement recommendations).
UNITAR						

	INTEGRAL EVALUATION UNIT	° EVALUATION UNIT ° YEAR ESTABLISHED	° LEVEL OF HEAD OF EVALUATION UNIT ° # PROFESSIONAL STAFF POSTS (excluding Head)	REPORTING LINES	INTERNAL AND EXTERNAL REPORTING PROCEDURES FOR FINDINGS	PROCEDURE FOR MONITORING IMPLEMENTATION OF EVALUATION RECOMMENDATIONS
UNOPS	NO	° Project/programme funding organization	n.a.	n.a.	Copies of projects and programme reports are forwarded by the evaluating party(ies) to the Executive Director; if UNDP Office of Evaluation and Strategic Planning performs/participates in project evaluation, reports are submitted to Executive Director.	Under responsibility of funding organization and recipient government; UNOPS Deputy Executive Director initiates and supervises implementation.
UNRWA	YES	° Programme Planning and Evaluation Office, (Office of the Commissioner-General) ° 1988	° P-5 ° 4 Professionals	Chief, Programme Evaluation and Planning Office, reports to the Commissioner-General.	PPEO submits reports to Commissioner-General.	By secretariat of organizational body concerned.
UNU	NO	° Evaluations carried out by external experts		Reports are submitted to the Rector.	Rector presents evaluation reports to UNU Governing Council for consideration and comments.	
WFP	YES	° Office of Evaluations (OEDE) in the Office of the Executive Director ° 1969	° D-1 ° 8 Professionals	OEDE reports directly to Office of Executive Director.	**Internal:** OEDE addresses reports to Office of the Executive Director who transmits reports with comments by government concerned to CFA; WFP Country Office has to report on follow-up action; Project Committee considers evaluation reports. **External:** Evaluation findings and recommendations are discussed with governments. **Governing Body:** Receives printed reports on all evaluation exercises.	

ANNEX II - Table 3

MONITORING FUNCTION

UNITED NATIONS OPERATIONAL FUNDS AND PROGRAMMES

	INTEGRAL MONITORING UNIT	UNIT IN CHARGE OF MONITORING	° LEVEL OF HEAD OF MONITORING ° # PROFESSIONAL STAFF POSTS (excluding Head)	SCOPE OF MONITORING	REPORTING LINES	INTERNAL AND EXTERNAL REPORTING PROCEDURES FOR MONITORING FINDINGS
ITC	YES	Planning and Programme Monitoring	° P-5	Operational units are responsible for monitoring projects, Planning and Programme Monitoring Section responsible for corporate monitoring (focus on trust fund projects in connection with donor relations), Programme Managers responsible for monitoring of programmes.	Monitoring and Programme Planning Officer reports directly to the Executive Director.	
UNCHS/ Habitat	NO	1) Technical Cooperation Division 2) Heads of substantive Divisions		Ongoing monitoring through monthly Unit and Programme Coordinator Meetings, Project Monitoring Reports; regular monitoring visits for Human Settlement Advisors, yearly Tripartite Reviews; terminal report determines the extent to which objectives have been met.		Technical Cooperation Division issues Quarterly Report to Senior Managers; Heads of substantive Divisions furnish reports to Central Evaluation Unit, OIOS.
UNDCP	YES, but not unified.	1) Programme Support Section (PSS) 2) Operational Activities Branch (OAB), Division for Operational Activities and Technical Services (DOATS)	° D-1 (OAB)	PSS develops and ensures adherence to policies and procedures for control and management of financial resources to enhance internal controls, accountability, efficiency and consistency with rules and regulations, monitors performance analyses, provides financial information; OAB monitors, analyses and reports on resource utilization of the fund on the basis of information provided by PSS.	PSS reports to Deputy Executive Director, Division for Treaty Implementation and Support Services; OAB reports to Deputy Executive Director DOATS; both Deputy Directors report to the Executive Director.	
UNDP	NO	Office of Evaluation and Strategic Planning (in Office of the Administrator), former Central Evaluation Office	° D-2 ° 5 Professionals	° Monitors overall performance against goals of Annual Corporate Plan. ° Defines policies and procedures for monitoring of programme and project implementation. ° Develops tools for Programme Impact Performance Assessment. ° Issues quarterly publication.	Director of OESP reports to Administrator.	OESP prepares reports for Executive Board, Administrator and Senior Management.

	INTEGRAL MONITORING UNIT	UNIT IN CHARGE OF MONITORING	° LEVEL OF HEAD OF MONITORING ° # PROFESSIONAL STAFF POSTS (excluding Head)	SCOPE OF MONITORING	REPORTING LINES	INTERNAL AND EXTERNAL REPORTING PROCEDURES FOR MONITORING FINDINGS
UNEP	YES, but not in a single unit.	1) **Programmatic:** Accountability, Monitoring and Reporting (AMR), Corporate Planning and Accountability Services 2) **Project finances and outputs:** Fund Programme Management Branch (FPMB) 3) **Administrative:** Administrative Services (AS)		° AMR monitors implementation of programme. ° FPMB monitors implementation of individual projects in terms of outputs and expenditures, and audit/evaluation recommendations. ° AS monitors expenditure from regular budget and programme support costs including audit matters relating to them.	Chiefs CPAS, FPMB and AS report to Executive Director.	AMR/CPAS reports to Executive Director through quarterly management reports and to Central Monitoring and Inspection Unit at UN/HQ through programme performance reports; FPMB reports to the Executive Director/ Executive Committee through monthly status of the Fund reports and a similar report is sent quarterly to Committee of Permanent Representatives; AS reports to the Executive Director/Executive Committee with monthly budget performance reports.
UNFPA	NO	1) Geographical Divisions at HQ 2) Country Offices		° Monitoring and evaluation guidelines (currently under review) will call for project monitoring through standardized Annual Project Reports. ° Thematic Review Sessions held annually to review implementation of all projects in prioritized areas (e.g. Reproductive Health). ° Country Offices with large programmes conduct Annual Country Programme Reviews.	Geographical Divisions at HQ participate in Tripartite/Annual Project Review Meetings.	
UNHCR	NO	1) HQ Bureaus and Desks 2) HQ Finance and Budgeting Section 3) Field staff		Programme Officer, Finance Officer and Field Officer monitor and document performance against budget, project description and work plan, as well as control the release of resources through on site assessment of progress; activities of implementation by partners are also monitored.		Comprehensive reporting system to record progress and results on project implementation; findings are reported through the normal management and reporting process.
UNICEF	YES	Evaluation and Research Office (under Deputy Executive Director)	° D-1 ° 6 Professionals (5 consultants)	° Develop systems and guidelines for programme/project evaluations and monitoring (incl. manuals).	Regional Monitoring and Evaluation Officers based in Regional Offices report to Deputy Regional Director.	
UNITAR						

	INTEGRAL MONITORING UNIT	UNIT IN CHARGE OF MONITORING	° LEVEL OF HEAD OF MONITORING ° # PROFESSIONAL STAFF POSTS (excluding Head)	SCOPE OF MONITORING	REPORTING LINES	INTERNAL AND EXTERNAL REPORTING PROCEDURES FOR MONITORING FINDINGS
UNOPS	NO	1) UNOPS Business Plan: Division for Planning, Policy & Information (PPI) 2) Financial/Administrative Monitoring: Division of Finance	° 1 Assistant Director for each division ° PPI: 2 Professionals, Division of Finance: 4 Professionals	On-site financial and administrative monitoring of 9 large projects in 10 countries in 1994 and of 10 projects in 4 countries in 1995. Scope: PPI: monitoring and assessing compliance with UNOPS business plan and progress of activities Division of Finance: monitoring and assessment of compliance with financial/administra-tive rules and procedures as well as with delegated authority (if any) by UNOPS personnel, both at HQ and on projects.	Assistant Directors report to Executive Director.	UNOPS Executive Director is responsible for initiating and supervising actions deemed necessary/recommended in findings.
UNRWA	NO	1) Supervisors at different levels 2) Internal Audit Office		Supervisors ensure implementation of approved programmes and policies under their organizational control; Internal Audit Office ensures compliance with regulations, rules, directives and standing instructions.		
UNU	NO					
WFP	YES	Regional Bureaus at HQ		Field offices might have specifically recruited staff for monitoring or use their own staff, on-site monitoring often performed by government officials, NGOs or UN volunteers, general monitoring at HQ by desk officers and staff Regional Bureaus.	Country Offices report to HQ Regional Bureaus, Regional Bureaus report to Directorate of Operations Department (exceptionally to its DED or Director Operational Management and Programming Division).	Internal: For development activities, the Regional Bureaus circulate Country Office Project Reports to Operational Management and Programming Division (OM); for relief operations the Weekly Telex and the Food Availability Status Reports and the Situation Reports are furnished and circulated internally and to UN agencies, NGOs, other international organizations and donors. External: Issues arising from monitoring activities are contained in Executive Directors Annual Report and occasional papers to WFP's governing body.

ANNEX II - Table 4

INSPECTION FUNCTION

UNITED NATIONS OPERATIONAL FUNDS AND PROGRAMMES

	INTEGRAL INSPECTION UNIT	• INSPECTION UNIT • YEAR ESTABLISHED	• LEVEL OF HEAD OF INSPECTION UNIT • # PROFESSIONAL STAFF POSTS (Excluding Head)	SCOPE OF INSPECTIONS	REPORTING LINES	INTERNAL AND EXTERNAL REPORTING PROCEDURES FOR FINDINGS
ITC	NO			Inspection is part of project evaluation function.		
UNCHS/ Habitat	NO	[OIOS]		No inspections have so far been carried out.	[Secretary-General/ General Assembly]	Final recommendations are addressed to the Executive Head.
UNDCP	NO	• 1) PSS 2) Central Monitoring and Inspection Unit, OIOS 3) HQ and field staff jointly		Internal inspections of specific locations, projects or activities can be jointly conducted by HQ and field staff; all inspections are carried out in cooperation with OIOS and USG for Administration and Management.		Findings are reported to the Deputy Executive Director, Division for Treaty Implementation and Support Services, who reports to Executive Director of UNDCP.
UNDP	NO	• Division for Audit and Management Review		Addresses inspection concepts and issues in the context of its management audits.		
UNEP	NO					
UNFPA	NO	• UNFPA Internal Audit Section		Addresses inspection concepts and issues in the context of its management audits.		
UNHCR	YES	• Inspection and Evaluation Service (in the Executive Office of the High Commissioner) • March 1995	• D-2 • 4 Professionals	6 inspections (including second half of 1995). Scope: Assessment of UNHCR operations and review of UNHCR impact in given countries and areas, focusing on internal and external factors deemed essential to the effective and efficient achievement of organizational objectives.	Inspection and Evaluation Service reports directly to High Commissioner.	Internal: Recommendations and conclusion are presented to High Commissioner for decision and follow-up, reports are distributed to Senior Management Committee and concerned Representatives, managers at HQ and in countries concerned. External: No external reporting except High Commissioner informs Executive Committee of progress by Inspection and Evaluation Service.
UNICEF	NO	• Office of Internal Audit		Office operates under three year "rolling" workplan.	Office of Internal Audit reports to the Executive Director.	In addition to reporting through audit reports and annual reports which contain major findings, common and/or recurring observations are circulated to all heads of offices.
UNITAR						
UNOPS	NO	• Under preparation, in consultation between UNOPS and UNDP/ DAMR				

	INTEGRAL INSPECTION UNIT	• INSPECTION UNIT • YEAR ESTABLISHED	• LEVEL OF HEAD OF INSPECTION UNIT • # PROFESSIONAL STAFF POSTS (Excluding Head)	SCOPE OF INSPECTIONS	REPORTING LINES	INTERNAL AND EXTERNAL REPORTING PROCEDURES FOR FINDINGS
UNRWA	NO	• 1) Audit Office 2) Officers of respective Programme		Audit Office inspects compliance with prescribed procedures and standards. Officers may conduct inspections of programmes and support services for which they are responsible.		
UNU	NO					
WFP	YES	• Office of Inspection and Investigation • July 1995	D-1 1 Professional		OEDI reports directly to Office of Executive Director.	OEDI submits reports to Directors concerned, incl. Executive Director and Deputy Executive Director (if their attention is required).

ANNEX II - Table 5

INVESTIGATION FUNCTION

UNITED NATIONS OPERATIONAL FUNDS AND PROGRAMMES

	INTEGRAL INVESTIGATIONS UNIT	INVESTIGATIONS UNIT	MECHANISM FOR REPORTING ALLEGATIONS OF WASTE, FRAUD AND MISMANAGEMENT	INTERNAL AND EXTERNAL REPORTING PROCEDURES FOR FINDINGS
ITC	NO	Division of Administration	--	--
UNCHS/ Habitat	NO	Investigative panel appointed by Executive Director	a) Internal mechanism with participation of management. b) Joint Disciplinary Committee, reports to UN/DAM (ST/AI/371 of 2 August 1991).	--
UNDCP	NO	Chief of Programme Support Services	Internal mechanism with participation of management.	--
UNDP	NO	Division for Audit and Management Review	Internal mechanism with participation of management.	--
UNEP	NO	Executive Director or units/individuals appointed by the Executive Director	Internal mechanism with participation of management.	At discretion of the Executive Director.
UNFPA	NO	UNFPA Internal Audit Section	Internal mechanism with participation of management.	--
UNHCR	NO	Office of the Controller	Internal mechanism with participation of management.	Immediate and automatic notification of Internal Audit; reports are accumulated at Division of the Controller and Management Services and reported once a year to External Auditors.
UNICEF	NO	Office of Internal Audit	Internal mechanism with participation of management.	Comptroller reports on cases that are covered in audit reports to Board of External Auditors.
UNITAR	NO	--	--	--
UNOPS	NO	Under preparation, in consultation with UNDP	Under preparation.	--
UNRWA	NO	1) Audit Office 2) Boards of Inquiry	Internal mechanism with participation of management.	--
UNU	NO	--	Reports are directed to the Rector.	--
WFP	YES	Office of Inspection and Investigation	Internal mechanism with participation of management.	OEDI submits reports to Directors concerned, incl. Executive Director and Deputy Executive Director (if their attention is required).

ANNEX III

INTERNAL COORDINATION OF EXISTING OVERSIGHT FUNCTIONS

UNITED NATIONS OPERATIONAL FUNDS AND PROGRAMMES

	COORDINATION OF EXISTING OVERSIGHT FUNCTIONS
ITC	Informal coordination.
UNCHS/ Habitat	Internal coordination is carried out by administration.
UNDCP	Chief, Programme Support Section is focal point for audit, monitoring and investigation functions.
UNDP	Division for Audit and Management Review coordinates with Office of Evaluation and Strategic Planning through information exchange.
UNEP	Chief of Administration liaises with heads of Personnel, Finance and General Services, Chief of Fund Programme Management Branch and Chief of Corporate Planning and Accountability Service.
UNFPA	Executive Committee (includes all senior management).
UNHCR	Audit Committee.
UNICEF	Informal coordination.
UNITAR	Informal coordination.
UNOPS	Informal coordination.
UNRWA	Informal coordination.
UNU	Informal coordination.
WFP	Periodical meetings of Director of Auditing (OEDA) and Director of Evaluation (OEDE); Audit Committee.